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YEAR 2004-2005

ANNUAL REPORT

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Transpek Industry Limited



BOARD OF DIRECTORS

A.C. Shroff
Chairman

A.G. Shroff
Managing Director

R.R. Patel
D.C. Gami
Dipesh K. Shroff
Mahendra L. Shah
M.D. Patel
A.H. Patel
Directors

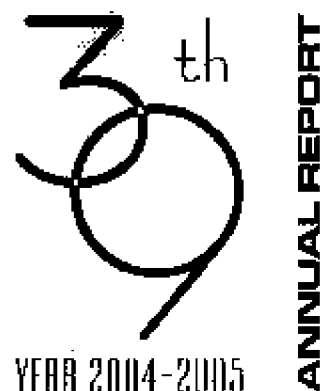
S.K. Solanki
Company Secretary

Bankers
State Bank of India
Bank of Baroda
UTI Bank Ltd.

Auditors
S.V. Ghatalia & Associates
Chartered Accountants

Registered Office
6th Floor, Marble Arch,
Race Course,
Vadodara - 390 007.

Works
Village Ekaltbara, Tal. Padra
Dist. Vadodara



Transpek Industry Limited

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Annual General Meeting on Thursday, 15th September, 2005 on 3:30 P.M., at Lecture Hall, The Institution of Engineers (India) Vadodara Local Centre, Near S.T.Dépot, Race Course, Vadodara - 390 007.



The practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued. You are requested to bring your copy of the Annual Report to the Meeting.

A REQUEST:

We are sure you have read with interest the accounts of the year ended 31st March 2005. You may desire to have some clarification or additional information on the said accounts at the ensuing Annual General Meeting. We shall very much appreciate, if you kindly write to us atleast ten days in advance in order to enable us to keep the information ready for you at the meeting. We solicit your kind co-operation.



Transpek Industry Limited

NOTICE TO THE MEMBERS

NOTICE BE AND IS HEREBY GIVEN THAT the THIRTY NINTH ANNUAL GENERAL MEETING of the Members of **TRANSPEK INDUSTRY LIMITED** will be held on Thursday, the 15th of September, 2005 at 3.30 P.M. at the Lecture Hall, The Institution of Engineers (India), Vadodara Local Center, Near S. T. Depot, Race Course Circle, Vadodara 390 007 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2005 the Balance Sheet as at that date and the Reports of the Auditors' and Directors' thereon.
2. To declare dividend on equity shares of the Company.
3. To appoint a Director in place of Shri A. C. Shroff who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R. R. Patel who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri D. C. Gami who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of all earlier resolutions, pursuant to the provisions of section 293(1)(e) and other applicable provisions of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company for contributing and/or subscribing on behalf of the Company to Charitable and other funds not directly relating to the business of the Company or to the welfare of its employees (excluding any contributions made to any political party or to any person for political purposes) of any amount the aggregate of which shall not exceed in any financial year Rs. 40,00,000/- (rupees forty lacs) or 5% (five per cent) of the average net profits as determined in accordance with the provisions of section 349 and 350 of the said Act, during the three financial years immediately preceding the financial year in which the contribution is made, whichever is greater."

By Order of the Board of Directors
For Transpek Industry Limited

Regd. Office:

6th Floor, Marble Arch,
Race Course,
Vadodara 390 007,
Dated: 29th June, 2005

SHALLES K. SOLANKI
Dy. General Manager &
Company Secretary



NOTICE TO THE MEMBERS : NOTES

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
The instrument appointing a proxy should be deposited at the Regd. Office of the Company not less than 48 hours before the commencement of the meeting.
2. Members who hold shares in dematerialized form are requested to bring their DP ID and client ID Nos. for easy identification of attendance at the meeting.
3. The Register of Members and Share Transfer Books of the Company and the Register of Beneficial Owners maintained by NSDL and CDSL in respect of the Company will remain closed from 08.09.2005 to 15.09.2005 (both days inclusive).
4. Members are requested to notify promptly any change in their address to the Company.
5. Pursuant to section 205A and 205C of the Companies Act, 1956 all unclaimed dividends for and upto the Company's financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government and for the financial year ended 31st March, 1997 has been transferred to the Investor Education and Protection Fund set up by the Central Government respectively.

Shareholders who have so far not encashed their dividend warrants for the said period are requested to claim the amount by submitting an application in the prescribed form No. II Rule 6 (1) Part A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to the Registrar of Companies, Gujarat, Gujarat Housing Board Building, Opp. Rupat Park, Near Ankur Char Rasta, Naraspura, Ahmedabad 380 013.

Pursuant to Sections 205A to 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to a fund called Investor Education and Protection Fund set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the year 1997-98 is due for transfer to that Fund on 16.09.2005 and unpaid/unclaimed dividends for the years 1998-99 and 1999-00 will become transferable at the end of seven years respectively to the said Investor Education and Protection Fund and no claims shall lie against the Fund or the Company in respect of individual amounts thereafter. Shareholders are, therefore, requested to check up and send their claims, if any, for the relevant years 1998-99 and 1999-00 before the respective amounts become due for transfer to the said Fund.

The unpaid/unclaimed rights refund excess application money for the year 1989-90 in full and unpaid/unclaimed right refund excess application money for the year 1992-93 in part has been transferred to the Investor Education and Protection Fund.

6. In accordance with the provisions of section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of the shares held by them in physical form. Shareholders desirous of making nomination are advised to send their request in form No. 28 in duplicate (which will be made available on request to the Company Secretary).
7. Re-appointment of Directors.

At the ensuing Annual General Meeting, Shri Ashwin C. Shroff, R. R. Patel and D. C. Gami retire from office of Director by rotation and, being eligible, offer themselves for re-appointment. The details pertaining to these Directors are required to be provided under clause 49 of the Listing agreement are furnished in the statement on Corporate Governance.



Transpek Industry Limited

NOTICE TO THE MEMBERS : ANNEXURE TO NOTICE

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO THE SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no.7.

The Company has a tradition of supporting Charitable Social welfare activities. It is, therefore, proposed to continue such support to Charitable and other funds not directly relating to the business of the Company or its employees in excess of the limits prescribed under section 293(1)(e) of the Companies Act, 1956. Therefore, approval of the shareholders in General Meeting is necessary. Accordingly, your consent is being sought by Board of Directors of the Company to enable them to make contributions as proposed in the Resolution. ,

None of the Directors of the Company is concerned or interested in the resolution at Item No. 7.

By Order of the Board of Directors
For Transpek Industry Limited

Regd. Office:

6th Floor, Marble Arch,
Race Course,
Vadodra 390 007,
Dated: 29th June, 2005

SHAILESH K. SOLANKI
Dy. General Manager &
Company Secretary

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DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the **Thirty Ninth** Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March 2005.

FINANCIAL RESULTS

	2004 - 2005 Rs. in Lakhs	2003 - 2004 Rs. in Lakhs
Net Sales and other Income	6772.83	5474.72
Profit before Interest, Depreciation, Amortisation, Taxes and Extraordinary Items	1400.69	1055.70
Interest	249.42	353.62
Cash Profit/(Loss) before Extraordinary Items and Taxes	1151.27	702.08
Less: Depreciation	290.58	338.07
Amortisation	85.49	83.53
Profit/(Loss) before Extraordinary Items and Tax	775.20	280.47
Less: Extraordinary Items-Loss/(Profit) on sale of investment	(46.65)	5.63
Profit/(Loss) before Tax	821.85	274.84
Provision for Taxation Current	58.78	0.09
Deferred Tax (Asset)/Liability	227.30	12.83
Profit/(Loss) after Tax	535.77	261.92
a) Excess /(Short) Previous Years Tax Provision	-	0.03
b) Prior Year's Adjustments	(12.87)	(6.99)
	512.90	254.96
Balance brought forward from Previous Year	(874.63)	(1129.59)
Add:Debit Balance in Profit & Loss A/c of subsidiary company	(41.08)	-
	(915.71)	(1129.59)
Less:Transfer from General Reserve	915.71	-
Amount available for appropriation	512.90	-
Appropriations to:		
a) Proposed Dividend	101.46	-
b) Tax on Proposed Dividend	14.23	-
c) Transfer to General Reserve	38.50	-
d) Balance Carried to Balance Sheet	358.71	(874.63)
TOTAL	512.90	(874.63)

Note: Previous period figures have been regrouped / rearranged wherever necessary.





DIRECTORS' REPORT

DIVIDEND

Your Directors have recommended a Dividend of 20% i.e. Rs. 2.00 per equity share (Previous year - Nil) on the Equity Share Capital of Rs.507.30 lacs for the year ended 31st March 2005.

REVIEW OF OPERATIONS

Your Directors are happy to report that in the year 2004-05, there has been an overall improvement in all aspects of the business. Production of chlorinated compounds registered the highest level at 17,849 tonnes as compared to previous year (15,823 tonnes), a growth of 13% with improved quality. Significant savings have been effected by way of reduction in consumption of certain raw materials. Improved by-product recovery and reduction in power and fuel consumption per tonne of product. Finance cost has also gone down by 30% despite increase in value of sales by 24%. The SO/Oleum plant also performed well and yielded record production. Net profit after tax and after prior period adjustment for the year is Rs.5.13 crores. Sales and other income of Rs.67.73 crores represents an increase of about twenty four per cent (24%) over the previous year. Accumulated losses of Rs.8.74 crores at the beginning of the year together with the losses of Rs.0.41 crores of the subsidiary company due to amalgamation have been adjusted against the opening balance of General Reserve.

Exports have increased from Rs.3.64 crores to Rs.10.20 crores, which represents a growth of 180% over the previous year. The Company has been able to make a dent in newer export markets for its products and is in the process of tying up business with several reputed overseas companies.

NEW PROJECTS / EXPANSIONS / IMPROVEMENTS

During the year the Company has strengthened the business of Acid Chloride products.

The plant capacity is being expanded with an additional investment of Rs.12.00 crores, which shall be funded partly through internal accruals and partly through borrowings.

The Company continues to focus on the two important areas of safety and environment as also cost and efficiency management and makes intensive efforts for energy conservation with a view to improving productivity, efficiency, quality and cost competitiveness.

The R&D facilities are being strengthened further to address the changing needs of the Company's business.

AMALGAMATION

The Scheme of Arrangement for merger of the Company's wholly owned subsidiary company viz. Transpek Marketing Ltd. and the transfer of its assets and liabilities to and vesting in the Company was approved by the Hon'ble High Court of Judicature at Ahmedabad on 14th October, 2004 and the Scheme has been implemented with effect from 1st April, 2004 (the Appointed Date). The Audited Accounts of the Company for the year ended 31st March, 2005 have been prepared after giving effect to the Scheme.

OUTLOOK

Process improvements made in the Chlorinated Compounds plant have had a beneficial impact on management of storage and disposal of certain by-products. The Company has embraced "Kaizen" philosophy in all areas of operations in the Company resulting in productivity enhancement, process and quality improvements as well as in systematic de-bottlenecking of all existing plants. These benefits are expected to continue in future.

Your Company has a strategic focus on export business where the demand trend leans towards Acid Chlorides, products less cumbersome to handle. In order to explore newer avenues, your Company has started tapping the markets in China, Eastern Europe and Russia. To support these markets, the Company has started putting in place needed resources.



DIRECTORS' REPORT

Price trends in petroleum based inputs like solvents and the major raw materials like Chlorine will continue to exert pressure on the bottom line of the Company's financial performance but is likely to be largely offset by savings resulting from improved operational efficiencies and better volumes.

QUALITY MANAGEMENT SYSTEM CERTIFICATION

Re-certification audit for ISO 9001:2000 was carried out by M/s. RWTUV and certificate for quality system was obtained for the current year.

ENVIRONMENT, HEALTH AND SAFETY

Re-certification audit for ISO 14001:1996 was also carried out by M/s. RWTUV and certificate for Environment Management System was obtained for the current year. As reported in the previous year's Directors' Report there has been a marked improvement in EHS Standards as a result of this certification.

Training of personnel and upgradation of first aid and medical facilities at the Company's plant site and offices continued along with the ongoing programmes in the area of energy conservation, pollution control, value addition, resource conservation and reduction in waste generation based on continuous in-house efforts.

Continuous upgradation and accreditation of EHS systems and standards help not only to fulfil our corporate responsibility but also make good business sense in the current competitive and regulatory business environment.

DIRECTORS

Shri A. C. Shroff, Shri D. C. Gami and Shri R. R. Patel, Directors of the Company, retire by rotation and, being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- In the preparation of the accounts for the financial year ended 31st March, 2005 the applicable accounting standards have been followed;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the accounts for the financial year ended 31st March, 2005 on a going concern basis.

HUMAN RESOURCE AND TALENT DEVELOPMENT PROGRAMME

To face the challenges of growing business and to augment the skills of the workforce, your Company has undertaken a major talent development initiative with a focus on managing for results. A comprehensive goal setting exercise at the beginning of the year and defined, specific and measurable targets for each function and staff member to achieve are the key highlights of the managing by results initiative. The targets and achievements there against are being monitored constantly by the Management Committee.



DIRECTORS' REPORT

At the same time, to support the team in meeting these targets and set higher goals, steps taken as a part of the talent development initiative include, inter alia, Kaizen workshops, technical training seminars, EHS process training and implementation, financial and operational support for acquiring higher education and also sending managers and other staff members to seminars and conferences.

With a view to support growth of the organization, we plan to continue our efforts in this direction in the coming years also.

SOCIAL RESPONSIBILITY

Besides support to various NGOs, your Company carried out certain social activities. These included holding a vacation workshop for village children (including children of employees) with a focus on vocational skill development, behavioural skills and personality development. In order to encourage educational efforts, a scholarship system for children of employees is also instituted and followed. Awards were also given to ranking students in schools in the area surrounding the Company premises.

The Company also organized medical camps for the benefit of the villagers in the neighbouring areas.

CORPORATE GOVERNANCE

Good Corporate Governance has been an integral part of the working of your Company with a view to maintain the confidence of investors and other stake holders of the Company.

A separate statement on Corporate Governance is included in this Annual Report along with certificate of Auditors on its compliance.

FIXED DEPOSITS

During the year under review, your Company accepted deposits from Public/Shareholders/ Employees/ Senior Citizens and has complied with the provisions of section 58A of the Companies Act, 1956 and the Rules framed thereunder. There were 144 deposits aggregating to Rs.16.22 lakhs which were due for repayment and remained unclaimed as on 31st March, 2005 of which 58 deposits amounting to Rs.6.99 lakhs have since been repaid or renewed.

AUDITORS

M/s. S. V. Ghatalia & Associates, Chartered Accountants, Mumbai will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have, pursuant to the provisions of section 224 (1B) of the Companies Act, 1956, furnished a certificate regarding their eligibility for re-appointment as the Auditors of the Company. The shareholders may consider their re-appointment and fix their remuneration.

AUDITORS' REPORT

With regard to the Auditors' observations at item (f) (i) of their report, as mentioned in note no. 5 in Schedule "V" to the Accounts, the Board is of the view that diminution in value of the concerned investment is of a temporary nature and hence not provided for.

TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 particulars as prescribed therein relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure "A" forming part of the Directors' Report.



DIRECTORS' REPORT

COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Information required pursuant to section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is given in Annexure "B" forming part of the Directors' Report.

ACKNOWLEDGEMENTS

Your Directors wish to acknowledge the co-operation and assistance extended to the Company by IFCI Ltd., Industrial Development Bank of India, Company's Bankers, State Government Agencies etc. Your Directors also wish to place on record their appreciation of the contribution made by employees at all levels towards the growth of the Company. Your Directors also acknowledge with gratitude the support of the shareholders, other investors, customers and suppliers, for the faith reposed in the Company and its management.

BY ORDER OF THE BOARD

Place : Vadodara
Dated : 29th June, 2005

A. C. SHROFF
CHAIRMAN

ANNEXURE 'A'

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2005.

1. ENERGY CONSERVATION

Various energy conservation measures were taken such as:

1. Switching off when not required.
 - Auto switching off of water coolers and overhead lights in shops, offices and conference room.
 - Elimination of idle run of equipments.
2. Applying right voltage / using rating appropriate for the load.
 - Controlling and applying appropriate voltage to lighting circuit and other load through 3 Phase Auto stabilizers and lighting transformer.
 - Changing mode of connection from delta to star for motors where appropriate.
3. Using energy efficient devices.
 - Replacing illuminating devices like lamps, ballast and reflections with energy efficient one.
 - Installing variable frequency device in Reactor motors.
4. Minimizing the need / usage / number of devices.
 - Reducing dependence on artificial lighting by improving natural light with measures like use of transparent roof, opening windows, studying illumination needs and eliminating switching off tube lights.

